

MEMORANDUM

DIVISION OF ACCOUNTING AND FINANCE

Office of Financial Management and Budget

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DATE: 6 Dec 2012

TO: Members of the Transportation Commission

FROM: Ben Stein, Chief Financial Officer

SUBJECT: Resolution on Revenue Planning

At your December meeting, an item for your action is approval of a resolution regarding revenue planning assumptions for the development of the new Statewide Transportation Plan. The resolution requests you adopt guidance that presumes a current law funding structure as its "base case."

Essentially, this approach means assuming the existing tax and fee rates for state sources of revenue. It also assumes the continuance of federal funding at the rates provided in MAP-21 and by the current continuing federal appropriation which expires at the end of March 2013. The key elements for the federal portion are using MAP-21 increasing by 1% per year with a 93% obligation limitation even though this required increasing general fund transfers by the federal government. On the state side, this also presumes the receipt of SB09-228 funds, as those are in current law.

The model also takes into consideration factors other than the law. For example, it does use forecasts of vehicle fuel efficiency (which take into account the federal CAFÉ standards) in developing revenue estimates. The Department procures a range of economic forecasts in conjunction with the Colorado Legislative Council to use as inputs for the model.

In addition to this base case for which approval is requested, staff will work with the Statewide Plan Committee and with the local agency planning partners to develop four additional revenue scenarios for the Commission's review by its March meeting.

The four scenarios currently envisioned were discussed last month with the planning partners and with the Statewide Plan Committee. They are:

1. Decreased federal aid
2. Increased motor fuel taxes
3. Robust long term economic growth
4. Static or declining economic growth

Staff still needs to refine these scenarios and will do so in conjunction with the planning partners and the Statewide Plan Committee.

It is possible that after reviewing these additional scenarios that the Commission may choose to modify the revenue plan upon which the Statewide Transportation Plan is based. Any changes must be made no later than the March Commission meeting. Changes made after that date will have an impact on the time line for the development of the Statewide Transportation Plan.

If you have any questions please do not hesitate to contact Laurie Freedle or myself.